

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)

HAWAIIAN ELECTRIC COMPANY, INC.,)
HAWAII ELECTRIC LIGHT COMPANY, INC.)
MAUI ELECTRIC COMPANY, LIMITED and)

KAUAI ISLAND UTILITY COOPERATIVE)

For Approval to Establish a Rule)
to Implement a Community-Based)
Renewable Energy Program and Tariff)
and Other Related Matters.)

DOCKET NO. 2015-0389

ORDER NO. 35395

APPROVING KIUC'S COMMUNITY-BASED RENEWABLE ENERGY
PROGRAM TARIFF AND SOLICITING COMMENTS ON
HECO COMPANIES' COMMUNITY-BASED RENEWABLE ENERGY PROGRAM TARIFF

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PROGRAM TARIFF AND SOLICITING COMMENTS ON
HECO COMPANIES' COMMUNITY-BASED RENEWABLE ENERGY PROGRAM TARIFF

By this Order, the Public Utilities Commission ("commission") (1) approves Kauai Island Utility Cooperative's ("KIUC") Community-Based Renewable Energy ("CBRE") tariff and related filings, and directs KIUC to implement its CBRE tariff; and (2) invites the Parties and Participants¹ to comment,

¹The Parties and Participants to this proceeding are: (1) Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd. (collectively, the "HECO Companies" or "Companies"); (2) KIUC; (3) the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"), an ex officio party to this proceeding, pursuant to Hawaii Revised Statutes ("HRS") § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62(a); the Intervenor, pursuant to Order No. 33751, filed June 8, 2016,

by April 30, 2018, on the HECO Companies' CBRE program tariff filings, which were filed with the commission on February 20, 2018.

I.

RELEVANT PROCEDURAL HISTORY

On December 22, 2017, the commission issued Decision and Order No. 35137, in which it (1) denied KIUC's pending motion; (2) issued and adopted a CBRE Framework, applicable to the HECO Companies; and (3) directed KIUC and the HECO Companies to submit tariffs and related program filings consistent with the guidance provided in the Decision and Order.²

On January 22, 2018, in response to D&O 35137, KIUC filed its CBRE Tariff and Standard Form Purchase Power Agreement for commission review and approval.³

at 100 ("Order No. 33751"): (4) Department of Business, Economic Development, and Tourism ("DBEDT"); and the Participants, pursuant to Order No. 33751 at 100: (5) Life of the Land ("LOL"); (6) Renewable Energy Action Coalition of Hawaii, Inc. ("REACH"); (7) SunPower Corporation ("SunPower"); (8) Hawaii Solar Energy Association ("HSEA"); (9) Energy Freedom Coalition of America, LLC ("EFCA"); (10) Ulupono Initiative, LLC ("Ulupono"); (11) Blue Planet Foundation ("Blue Planet"); (12) Hawaii PV Coalition ("HPVC"); and (13) The Alliance for Solar Choice ("TASC").

²Decision and Order No. 35137, filed December 22, 2017 ("D&O 35137").

³See Letter From: K. Morihara To: Commission Re: Docket No. 2015-0389 - In the Matter of the Application of Hawaiian Electric Company, Inc., Hawaii Electric Light Company,

On February 20, 2018, in response to D&O 35137, the HECO Companies filed its CBRE program tariffs, Subscriber Organization Disclosure Checklist, Standard Form Contract, and Program Cost Recovery requests for commission review and further action.⁴

II.

DISCUSSION

A.

KIUC's CBRE Tariff and Standard Form Power Purchase Agreement

As previously noted, KIUC filed its CBRE tariff and Standard Form PPA for commission review and approval. The proposed tariff is consistent with the commission's direction to submit a CBRE tariff and related programmatic materials, informed by and consistent with its November 16, 2015 CBRE proposal. KIUC utilized the same tariff it originally filed in Docket No. 2015-0382,

Inc., Maui Electric Company, Limited and Kauai Island Utility Cooperative ("KIUC") For Approval to Establish a Rule to Implement a Community-Based Renewable Energy Program and Tariff and Other Related Matters; KIUC's CBRE Tariff and Related Programmatic Filings, filed January 22, 2018 ("KIUC's CBRE Tariff and Standard Form PPA").

⁴See Letter From: D. Brown To: Commission Re: Docket No. 2015-0389 - Community-Based Renewable Energy Program Tariffs, Related Programmatic Filings and Cost Recovery Request, filed February 20, 2018 ("HECO Companies' CBRE Tariffs and SFC").

"with updated CBRE Unsubscribed Rates to reflect current market conditions."⁵

As stated in D&O 35137, the commission determined that the CBRE Program design most likely to meet the specific needs of KIUC's system, is that submitted by KIUC on November 16, 2015, in Docket No. 2015-0382 ("KIUC's CBRE Proposal").⁶ The commission observed that KIUC's CBRE Proposal, inter alia, provides for two classes of projects, with higher prices payable to eligible renewable energy projects that generate at least 85% of their total output outside the peak irradiance period as incentive for the development of such projects.

Upon review, the commission finds that KIUC's CBRE Tariff and Standard Form PPA are consistent with D&O 35137, such that the commission approves the same. KIUC is directed to file its approved CBRE Tariff and Standard Form PPA no later than ten (10) days from the date of this order, with an effective date as of the date of filing.

⁵KIUC's CBRE Tariff and Standard Form PPA at 2.

⁶See In re Application of Kauai Island Util. Coop., For Approval of a Tariff to Implement a Community-Based Renewable Energy Program, "Application; Attachment A; Exhibits 1-3; Verification; and Certificate of Service," filed November 16, 2015 ("KIUC's CBRE Proposal").

B.

HECO's CBRE Tariff, Standard Form Contract, and Cost Recovery

Upon reviewing the HECO Companies proposed CBRE tariff, the commission finds it to be generally consistent with D&O 35137. Significant concerns remain, however, in particular, with respect to the proposed standard form contract ("SFC"). In general, the commission's review suggests that the HECO Companies' filing added complexity and requirements that go above and beyond those applicable to similarly sized renewable energy programs. Within the CBRE Program Framework, community facilities as small as 30 kW can participate. This participation parameter should be central to the design and inform the appropriate complexity and nature of requirements associated with the CBRE Program.

In order to address these outstanding issues and concerns, the commission solicits comments from the Parties on the HECO Companies' proposed CBRE tariff and SFC and highlights the following areas for feedback. The selected topics are not intended to limit Parties' comments to these areas, but rather highlight initial issues for further consideration.

First, the HECO Companies' proposed SFC has numerous clauses that require the Subscriber Organization to produce data that may be onerous for smaller facilities within the CBRE Program. For example, some Subscriber Organizations may be required to provide "Day-ahead forecast and hourly forecasts"

along with meteorological data.⁷ D&O 35137 recommended that Subscriber Organization's provide "general data."⁸ However, the guidance provided in D&O 35137 envisioned a program administrator that strives to lower transaction costs for Subscriber Organizations in order to enable "greater customer choice."⁹ The data requirements within the proposed SFC should be further evaluated by the Parties and Participants.

Second, the SFC requires that Subscriber Organizations agree to multiple financial clauses that require additional consideration. These financial requirements are related to financial audits, insurance, and liquidated damages.¹⁰ The financial requirements borne by a CBRE facility should be reflective of the CBRE facility's characteristics, such as size and associated risks. Further discussion is needed to determine whether these proposed financial clauses will allow for a diverse array of CBRE facilities to participate.

⁷HECO Companies' CBRE Tariffs and SFC, Exhibit 2, Article 6; HECO Companies' CBRE Tariffs and SFC, Attachment B, Section 1.b.iii.

⁸See D&O 35137, Attachment A at 23.

⁹See D&O 35137, Attachment A at 3.

¹⁰HECO Companies' CBRE Tariffs and SFC, Exhibit 2, Article 24; The HECO Companies' Filing, Exhibit 2, Article 18; The HECO Companies' Filing, Exhibit 2, Article 13.

Third, the SFC has multiple operational requirements that differ from established rules and tariffs, such as the framework for meeting milestones and performance standards.¹¹ The CBRE Framework detailed in D&O 35137 provided "key components of a comprehensive CBRE Program" that were informed by best practices observed in Hawaii and throughout the country.¹² Deviations from best practices, whether operational or otherwise, should be clearly noted and discussed to help determine the costs and benefits to CBRE participants and the power system.

Fourth, regarding the CBRE tariff, the HECO Companies have deviated from the guidance set forth in D&O 35137. Contrary to Section 3.3.3 of the CBRE Program Framework, which stated that unused capacity in Phase 1 shall continue indefinitely until the capacity is used, the Companies' proposed CBRE tariff extinguishes unused capacity allocation in Phase 1, or adds such capacity to Phase 2, subject to commission discretion.¹³ The commission seeks the Parties' comments on this deviation from commission guidance in D&O 35137.

¹¹HECO Companies' CBRE Tariffs and SFC, Exhibit 2, Article 13; The HECO Companies' Filing, Exhibit 2, Attachment B Section 3.

¹²See D&O 35137, Attachment A at 3.

¹³See HECO Companies' CBRE Tariffs and SFC at 2.

Fifth, regarding the CBRE tariff, the HECO Companies proposed that the CBRE Subscriber's electric bill shall not reduce the minimum demand charge, along with the sum of other bill components.¹⁴ D&O 35137 did not explicitly state that minimum demand charges cannot be offset with CBRE bill credit, and thus this issue deserves additional consideration.

Sixth, regarding the CBRE tariff, the HECO Companies appear to cap the maximum customer subscription capacity at 50 kW.¹⁵ The commission's CBRE Framework did not include such a cap.¹⁶ The addition of a cap has the potential to limit participation within the CBRE program.

Finally, regarding the CBRE tariff, the HECO Companies' proposed credit rate for the island of Lanai is inconsistent with the credit rate set forth in D&O 35137.¹⁷

Given the concerns noted above, the Commission invites the Parties to submit comments on the HECO Companies' CBRE tariff and SFC filings. Any comments shall be filed with the commission by April 30, 2018. Thereafter, the commission will issue an order regarding the HECO Companies' filings.

¹⁴HECO Companies' CBRE Tariffs and SFC, Exhibit 1 at 8.

¹⁵HECO Companies' CBRE Tariffs and SFC, Exhibit 1, Section B.7.

¹⁶See D&O 35137, Attachment A at 28.

¹⁷See D&O 35137, Attachment A at 7.

III.


ORDERS

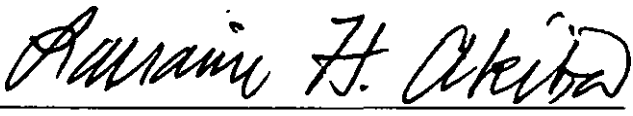
1. The commission approves KIUC's CBRE tariff and related filings and directs KIUC file its CBRE Tariff and Standard Form PPA no later than ten (10) days from the date of this Order, with an effective date as of the date of filing.

2. The commission directs the Parties and Participants to submit comments, by April 30, 2018, on the HECO Companies' CBRE program tariff filings, which were submitted to the commission on February 20, 2018.


DONE at Honolulu, Hawaii APR - 5 2018

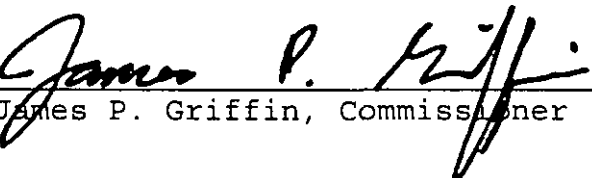
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OF THE STATE OF HAWAII

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By 
Lorraine H. Akiba, Commissioner

APPROVED AS TO FORM:


Matthew T. McDonnell
Commission Counsel

By 
James P. Griffin, Commissioner

2015-0389.ljk

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail,
postage prepaid, and properly addressed to the following parties:

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